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Holiday Greetings

Market Administrator's

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MARKET ADMINISTRATOR

Bulletin

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1963 CCC Price Support Purchases Below '62 Record

The Dairy Situation, Economic Research Service
USDA, November, 1963

CCC purchases in 1963 were at an annual rate of 8 billion pounds of milk equivalent through October. For all of 1963, this would be 23 percent below the record level of 1962, when USDA bought products equivalent to 10¾ billion pounds of milk. For January-October, purchases have been 302 million pounds of butter; cheese deliveries, 93 million pounds; and nonfat dry milk deliveries, 920 million pounds. An additional 130 million pounds of nonfat dry milk were exported under the Payment-In-Kind program. Under this program, commercial exports are drawn from private stocks, rather than coming from CCC stocks.

By the end of 1963, butter purchases for the year may be around 325 million pounds; cheese deliveries, about 100 million pounds; and nonfat dry milk deliveries (including PIK), about 1,190 million pounds. On a milk equivalent basis, purchases would be 61½ percent of production. The milkfat content of purchases

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Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

	Nov. 1963	Oct. 1963	Nov. 1962
Producers' Uniform Price (3.5%)	\$4.73	\$4.93	\$4.50
Producers' Uniform Price (4%)	5.105	5.235	4.86
Class I (3.5%)	4.46	4.63	4.28
Class II (3.5%)	4.044	4.025	3.861
Class III (3.5%)	3.736	3.7	3.665
Class IV (3.5%)	3.084	3.077	3.039
Producer Butterfat Differential for each one-tenth percent	1.61	1.5	7.2¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	83.0	80.0	78.4
Percent of Producer Butterfat in Class I	77.8	74.1	73.9
Percent of Producer Milk in Class II	7.3	7.1	6.4
Percent of Producer Butterfat in Class II	2.4	2.4	2.4
Percent of Producer Milk in Class III	2.0	1.5	2.4
Percent of Producer Butterfat in Class III	2.9	2.0	3.2
Percent of Producer Milk in Class IV	7.7	8.9	12.8
Percent of Producer Butterfat in Class IV	17.5	8.6	20.5

PRODUCER MILK RECEIPTS

Total Pounds of Producer Milk Delivered	36,416,781	34,713,401	34,279,707
Average Daily Class I Producer Milk	1,007,564	1,024,762	895,218
Total Number of Producers	1,369	1,364	1,336
Average Daily Receipts per Producer	887	845	855
Average Butterfat Test	3.86	3.72	3.89
Total Value of Producers Milk at Test	\$1,654,243.21	\$1,111,650.7	\$1,488,225.96
Income per Producer (7 day average)	\$282.07	\$265.76	\$259.92

GROSS CLASS USE (Pounds)

Class I Skim	29,141,112	28,600,000	28,100,452
Class I Butterfat	1,086,717	1,000,000	925,072
Class I Milk	30,227,829	29,600,000	29,025,524
Class II Skim	2,637,391	2,600,000	2,229,943
Class II Butterfat	32,917	30,000	31,774
Class II Milk	2,670,307	2,630,000	2,261,717

AVERAGE DAILY SALES (Quarts)

Milk	344,110	344,330	312,830
Buttermilk	4,588	4,500	4,237
Chocolate	15,711	16,765	17,265
Skim	12,137	11,111	11,747
Cream	9,207	8,550	9,391

COMPARATIVE STATISTICS ★ COLUMBUS MARKETING AREA ★ Nov., 1954 - '63

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1954	21,133,079	4.05	81.9	8.2	4.5	5.4	4.15	4.31	3.91	3.91	3.23	2,171	324
1955	22,266,699	3.99	81.2	9.1	3.9	5.8	4.12	4.257	3.857	3.857	3.168	2,106	352
1956	23,100,784	3.90	83.6	8.8	3.6	4.0	4.40	4.537	4.137	4.137	3.321	1,998	385
1957	23,847,569	3.92	85.3	7.8	2.9	4.0	4.37	4.504	4.104	4.004	3.081	1,882	422
1958	23,091,764	3.89	88.1	7.9	1.3	2.7	4.37	4.434	4.034	3.934	2.887	1,729	445
1959	25,350,698	4.00	90.6	6.6	1.3	1.5	5.11	4.696	4.296	3.927	3.228	1,693	499
1960	27,083,211	3.94	85.9	6.7	1.5	5.9	4.94	4.611	4.211	4.004	3.135	1,566	577
1961	29,409,401	3.91	82.2	6.7	2.2	8.9	4.77	4.505	4.105	3.876	3.250	1,312	747
1962	34,279,707	3.89	78.4	6.4	2.4	12.8	4.50	4.28	3.861	3.665	3.039	1,336	855
1963	36,416,781	3.86	83.0	7.3	2.0	7.7	4.73	4.46	4.044	3.736	3.084	1,369	887

DECLINE IN COW NUMBERS TO PERSIST

The Dairy Situation, Economic Research Service USDA, November, 1963

The average number of milk cows on farms in the United States has declined every year since 1944, except for the slight increase from 1952 to 1953. In most years the change was moderate. The average decline for the period since 1944 is less than 2 percent per year. The gradual decline has been the net effect of herd expansion by operators who adopt new methods and technologies, and reduction by operators who shifted to other alternatives. However, fluctuations have resulted from short-term changes in economic relationships, such as the ratio of the price of milk to the price of concentrates, and to the prices for beef cattle and hogs.

The number of milk cows averaged 19.7 million annually in the period 1952-61 but was down to 17.1 million in 1962. By June 1963 the number was 16.6 million, down 478,000 from June 1962 compared with an average annual decline of about 418,000 for 1952-61. Lower prices for milk in re-

lation to feed and meat animals in 1962 helped speed up the rate of decline in milk cow numbers in late 1962 and in 1963. Because of the drop in 1963-64 hay supplies in most areas, dairy cow culling probably will at least equal, or even exceed, last year's heavy rate in the fourth quarter in spite of lower beef prices.

In 1964, milk-feed price relationships are likely to be less favorable to increased milk production than they have been since 1956 and 1957. However, the relationship will still be relatively favorable compared with long-term averages.

The cyclical pattern of beef cattle prices has affected the change in milk cow numbers for many years. Before World War II the number of dual-purpose animals milked varied according to the milk-beef price relationship. A larger number were milked when milk prices were high relative to beef prices. This caused milk cow numbers to follow the cycle in numbers of beef animals and was

noticeable in the western Corn Belt, particularly. Since 1944, the number of milk cows in the United States has declined almost continuously. There has been variation only in the degree or rate of decline that has occurred. To some extent more milk cows are culled when beef prices are more favorable and conversely, milk cow slaughter decreases as milk prices increase relative to beef cattle prices. But gradually, the broader and longer-time demand relationships of beef has increased while the demand for milk products has been stable or declining.

In 1963, prices received by farmers for cattle likely will average about a dollar below 1962's average of \$21.30 per 100 pounds. In 1964, they are expected to average close to the 1963 level. For 1963 the ratio of manufacturing grade milk prices to beef cattle prices returned to the 1960 level. This suggests that 1964 will see about the same dairy cow slaughter as occurred this year.

Receipts from 1964 Farm Milk Sales To Reflect Shifts In Marketings

The Dairy Situation, Economic Research Service USDA, November, 1963

Although production of milk is declining about 0.9 billion pounds in 1962 from 1962, milk and cream sold by farmers may fall about 0.2 billion pounds from the record level of 118.2 billion pounds reached in 1962. This result from a further shifting from sale of milk products on farms to commercial marketings. Lower prices than a year earlier in the first 3 months of 1963 have not been entire-

ly offset by 1 percent higher prices the last half of the year. Cash receipts received by farmers for the sale of milk and cream in 1963 will about equal the 1962 level of \$4,858 million. Considering the decline in number of farms selling milk, average receipts per farm should reach a record high in 1963. If milk production continues at 1963 levels, the decrease in use of milk on farms will

contribute to an increased commercial supply of about 1/2 billion pounds in 1964. A 1 percent increase in total cash receipts appears likely for 1964.

Net farm income from dairying in 1963 will probably decline from 1962, because prices paid by farmers for production items, interest, taxes, and wage rates are about 2 percent higher in 1963. In 1964, net farm income from dairying will declineslightly.

CCC PRICE SUPPORT . . .

(Continued from Page One)

may amount to about 300 million pounds, 6.4 percent of production, down from last year's 8.6 percent. The solids-not-fat content in purchases and PIK exports removed from domestic commercial channels are below a year ago and may reach 1,180 million pounds, or 11 percent of production.

For all of 1963, creamery butter production may be about 115 million pounds below last year, while commercial demand is falling about 45 million pounds. Thus, the amount available for CCC purchase this year was about 70 million pounds below 1962's record level. In 1964, assuming continuation of price support at 1963-64 marketing year levels, both butter production and commercial demand may decline further but probably by smaller amounts than in 1963. As a result, CCC purchases would decline to less than 300 million pounds for the first time since 1960.

Cheese purchases (delivery basis), estimated at 100 million pounds for 1963, are far below last year's 214 million pounds. The increase in demand from commercial sources for American cheese, forecast at about 115 million pounds, far surpasses this

year's expected increase in production of about 35 million pounds. Incentive for more cheese production appeared when USDA raised the support buying price 1 cent per pound in the current marketing year, but the production adjustment has lagged. Next year, production will likely increase more than commercial demand, resulting in more CCC buying.

Nonfat dry milk production in excess of domestic commercial demand and therefore available for purchase by CCC or for export under the PIK program, may be about 1,200 million pounds in 1963, or 200 million pounds under record 1962 levels. Less nonfat dry milk production this year is associated with less creamery butter production. Next year, production

of nonfat dry milk may decline slightly from the 2,185 million pounds expected in 1963 and domestic commercial demand may increase a little. But, as in 1963, there would be around 1,200 million pounds available for Government purchase or export under PIK.

The Market Administrator

and his Staff

Wish You A Happy

Holiday Season

Market Quotations

NOVEMBER
1963

MINNESOTA - WISCONSIN PRICE SERIES	\$3.16
MIDWEST CONDENSERIES 3.5% per Cwt.	3.134
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.134
Average Weekly Cheddars price per lb.	.3500
Average price per lb. 92-score butter at Chicago	.5809
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant	.1426

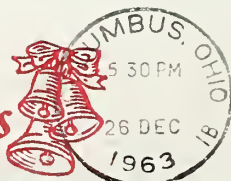
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